

ORIGINAL



0000138484

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

**COMMISSIONERS**

Gary Pierce – Chairman  
Bob Stump  
Paul Newman  
Sandra D. Kennedy  
Brenda Burns

2012 AUG -3 A 10: 38

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission

**DOCKETED**

AUG 03 2012

DOCKETED BY

*LM*

IN THE MATTER OF THE APPLICATION OF  
ARIZONA WATER COMPANY, AN ARIZONA  
CORPORATION TO EXTEND ITS CERTIFICATE  
OF CONVENIENCE AND NECESSITY FOR ITS  
SUPERSTITION SYSTEM, PINAL COUNTY,  
ARIZONA

DOCKET NO. W-01445A-05-0701

REQUEST FOR ADDITIONAL  
TIME FOR COMPLIANCE FILING

Decision No. 68919, which was entered in this docket on August 29, 2006, directed Arizona Water Company (the "Company"), the Applicant in this docket, to file certain items as a compliance filing within certain time frames provided in Decision No. 68919. A factual background/compliance timeline is as follows:

1. Decision No. 68919 approved the Company's application for an extension of its Certificate of Convenience and Necessity ("CCN") to provide water service within its Superstition System. The Company was ordered to file with Docket Control, as a compliance item, a Notice of Filing indicating that it has submitted for Staff's review and approval, a copy of the fully executed main extension agreements for water facilities for the extension area within two years of the entry of Decision No. 68919. Additionally, Decision No. 68919 ordered the Company to file a copy of the Arizona Department of Environmental Quality's Approval to Construct for the facilities needed to serve the extension area, and a copy of the developer's certificate of assured water supply, where applicable or when required by statute, within two years of the effective date of Decision No. 68919.

2. On September 30, 2008 the Commission entered Decision No. 70527, extending the deadline to August 29, 2012 for the Company to comply with the

1 foregoing conditions of Decision No. 68919 and, on June 3, 2010 the Commission  
2 entered Decision No. 71708, extending the compliance deadline to August 29, 2012.

3 The Company is now requesting an extension of the current compliance  
4 deadline to August 29, 2014. In support of its request, the Company respectfully  
5 represents as follows:

6 1. A map of the extension area is attached hereto as Exhibit A.

7 2. The deep recession and real estate crash over the past several years  
8 (essentially the entire time that Decision No. 68619 has been in effect) are  
9 extraordinary circumstances which have not been seen since the Great Depression.  
10 The severe economic downturn that has battered the Arizona real estate market  
11 persists, and continues to delay the development of residential and mixed-use  
12 development in Arizona, including Pinal County. Therefore, even though the Company  
13 expects to serve customers in the expansion areas within the next few years (See  
14 paragraph 5, below), no one, including housing experts and economists, can say for  
15 sure when the real estate market will see a recovery of any significance.

16 3. The Commission's Staff has observed, in evaluating a developer's  
17 request for additional compliance time in another case (See Decision No. 71861,  
18 docketed September 1, 2010, Finding of Fact No. 14, page 3), that "...the downturn in  
19 the economy has put a damper on much of the development in this state".

20 4. The Arizona Department of Water Resources ("ADWR") approved a  
21 Physical Availability Determination (the "PAD") for the area that includes the entire  
22 expansion area. A copy of the PAD is attached hereto as Exhibit B. The PAD, as  
23 approved by the ADWR, confirms the ADWR's determination that a sufficient amount of  
24 groundwater is physically available for 100 years for assured water supply purposes in  
25 the PAD study area, which includes the entire extension area and that the water is of  
26 adequate quality (See Exhibit B, hereto). Therefore, the Company submits that  
27 approval of the PAD satisfies the policy objectives behind the condition of obtaining a  
28 CAWS. See *generally* Decision No. 69722 (July 30, 2007), paragraph 97; in addition,

1 the Commission's Decision No. 73146, entered on May 1, 2012, entered in the Global  
2 CCN, Docket No. W-01445A-06-0199 et al, is consistent with this acceptance of the  
3 PAD.

4 5. Exhibit C is a letter from the property owner or property owner  
5 representative, of/for the real property located in the expansion area. The letter  
6 documents the property owner's continuing need for and request for water service from  
7 the Company to be able to develop its property in the expansion area. The property  
8 owner letter confirms the owner's plans to develop their property in reliance upon water  
9 service they plan to obtain under the Company's CCN. The continued existence of that  
10 CCN will support the slowly improving development market that has experienced  
11 historic difficulty, as detailed above, and the withdrawal of the CCN would be  
12 detrimental to that recovery.

#### 13 CONCLUSION

14 The Company believes, and therefore respectfully, submits that the foregoing  
15 provides sufficient support for its request for additional compliance time and that it  
16 confirms that extraordinary circumstances exist to justify its request. Therefore, the  
17 Company respectfully requests that the Commission enter an order:

18 a. Extending the compliance deadline to August 29, 2014 under Decision  
19 No. 68719 for filing the remaining compliance items.

20 b. Specifically, with respect to the CAWS requirement, confirming that, as  
21 detailed in paragraph 4, above, the Company has satisfied the CAWS compliance  
22 requirement, or in the alternative, extending the compliance deadline for the CAWS to  
23 August 29, 2014.

24 c. Providing any further relief that it deems appropriate under the  
25 circumstances of this case.

26 RESPECTFULLY SUBMITTED this 3rd day of August, 2012.

**ARIZONA WATER COMPANY**

By: 

Robert W. Geake  
Vice President and General Counsel  
ARIZONA WATER COMPANY  
Post Office Box 29006  
Phoenix, Arizona 85038-9006

Original and fifteen (15) copies of the foregoing filed this 3rd day of August, 2012 with:

Docket Control Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007


A copy of the foregoing was mailed this 3rd day of August, 2012 to:

Honorable Lyn A. Farmer  
Chief Administrative Law Judge  
Hearing Division  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, AZ 85007

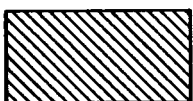
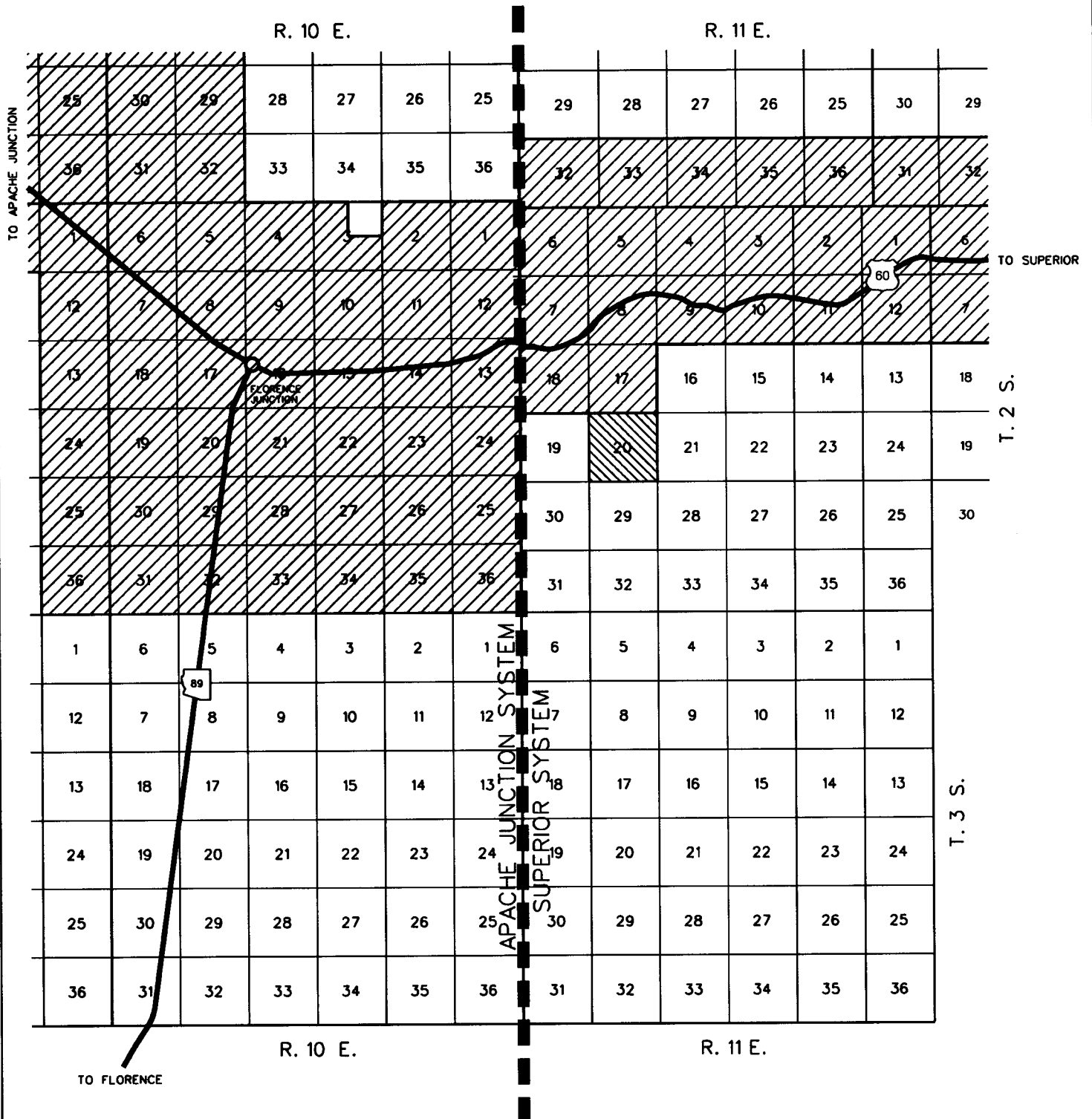
Janice Alward, Chief Counsel  
Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Steve Olea  
Director, Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

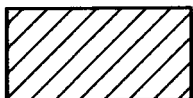
Brian K. Bozzo  
Manager, Compliance and Enforcement  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

By: 

# EXHIBIT A



CC&N This Application



A Portion Of Arizona Water Company CC&N

## ARIZONA WATER COMPANY

### DESCRIPTION:

Application for CC&N to include Section 20, Township 2 South, Range 11 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona

### LOCATION:

SUPERSTITION WATER SYSTEM

### DATE:

05.02.2005

### SCALE:

1"=2 Miles

### DRAWN BY:

CB

**ARIZONA DEPARTMENT OF WATER RESOURCES**

**Hydrology Division**

500 North Third Street, Phoenix, Arizona 85004

Telephone 602 417-2448

Fax 602 417-2425

July 19, 2001

William M. Garfield, Vice President - Operations  
Arizona Water Company  
P.O. Box 29006  
Phoenix, AZ 85038-9006

**RECEIVED**

**JUL 23 2001**

**ARIZONA WATER COMPANY  
PHOENIX - EXECUTIVE**



**JANE DEE HULL**  
Governor

**JOSEPH C. SMITH**  
Director

**RE: Arizona Water Company, Apache Junction  
Application for Physical Availability Demonstration #20-400448**

Dear Mr. Garfield:

The Department has completed review of the report entitled *Hydrology Study Report Apache Junction Groundwater Flow Model* prepared for Arizona Water Company, by Clear Creek Associates, November 22, 2000. The area of investigation is the Arizona Water Company model boundary specified in the report. The study area encompasses about 420 square miles in the East Salt River Valley Sub-basin in the Phoenix Active Management Area.

In accordance with A.A.C. R12-15-702 (C), we have determined that 19,255 acre-feet per year of groundwater are physically available for 100 years under A.A.C. R12-15-703 (B) for assured water supply purposes in the subject area. This determination is based on the MODFLOW evaluation that simulated 19,255 acre-feet of pumping per year from supply wells within Arizona Water Company's service area. This water is also of adequate quality for purposes of A.A.C. R12-15-704. The amount of 19,255 acre-feet per year includes the amount of groundwater required to meet the current and committed demands of the Apache Junction system. According to available information, the current and committed groundwater demand is estimated at about 7,340 acre-feet per year. It is the Department's conclusion that, pumping up to a maximum of 19,255 acre-feet per year for 100 years will take the depth-to-static water level to less than 1,000 feet below land surface, the maximum depth allowed by A.A.C. R12-15-703 (B). If the Department finds that the groundwater supply is not available because the assumptions and information used in determining the physical availability under the current criteria prove incorrect, the Department will modify the availability of groundwater accordingly.

The results of the Department's hydrologic review fulfill the requirements of R12-15-702 (C) and can be cited in applications for a Certificate of Assured Water Supply or for a Designation of Assured Water Supply. These applications have certain additional requirements based on the assured water supply criteria referenced in A.R.S. § 45-576 and A.A.C. R12-15-701 *et. seq.* For further information on these requirements, please contact the Office of Assured and Adequate Water Supply at (602) 417-2460.

Page 2

Mr. William M. Garfield

July 19, 2001

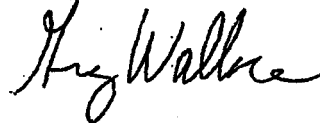
Arizona Water Company, Apache Junction

Application for Physical Availability Demonstration #20-400448

The Department's determination is an appealable agency action. In order to appeal this decision; you must request an appeal within thirty (30) days from receipt of this letter. I have enclosed a summary of the appeals process and an appeal form should you wish to pursue this option.

If you have any questions regarding the physical availability review, please contact me at (602) 417-2448.

Sincerely,

A handwritten signature in cursive script, appearing to read "Greg Wallace".

Greg Wallace  
Chief Hydrologist

GW/KM/rd.  
202194

cc: Steve W. Correll, Clear Creek Associates  
Steve Rossi, ADWR



EXHIBIT C

102 Magna Heights  
Superior Arizona 85173  
Tel: (520) 689-9374  
Fax: (520) 689-9304

August 1, 2012

Arizona Water Company  
Attn: Robert W. Geake  
3805 N. Black Canyon Highway  
Phoenix, AZ 85015

Dear Mr. Geake:

Integrity Land & Cattle LLC is following up with you regarding Pinal County Assessor's Parcel No. 104-33-0010 which Integrity Land & Cattle LLC owns. Integrity Land & Cattle LLC still needs and desires to receive water service from Arizona Water Company to serve this parcel. Our timeframe for improving or developing this parcel is unknown at this time due to current market conditions. If you have any questions, please feel free to contact us.

Sincerely,

INTEGRITY LAND & CATTLE LLC

BY: *Sterling H. Day*

ITS: CONTROLLER